

24 MAY 1978

Editor
The Washington Star
225 Virginia Avenue, S.E.
Washington, D.C. 20061

Dear Sir:

I have just read your editorial in today's (23 May) edition, "Soviet Oil Futures," a rare breath of fresh air which has the sweet smell of candor to me--not crow. It takes a big man and a big newspaper to reevaluate and set the record straight.

The CIA is trying to be objective. Objectivity like yours makes us want to try harder.

Yours sincerely,

SIGNED

STANSFIELD TURNER

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DISTRIBUTION II

The attached is from today's Star.

Soviet oil futures

Having poked our noses into last spring's debate about the credibility of CIA reports on Soviet oil troubles — and the use President Carter made of them to boost his energy bill — we think it only fair to eat a bit of crow.

You may have noticed that the staff of the Senate Intelligence Committee undertook a study of those CIA reports, submitting their "integrity" and quality to painstaking study. The resulting report, released this week, is a model government paper — incisive, interesting and judicious — a document that may reveal more about the gathering and use of foreign intelligence in 30 pages than more sensational studies do in hundreds.

The study is said by one reporter to "gently chide" the CIA's experts in the Office of Economic Research; and so it does. But the chiding is on a relatively minor point; and few of the parties to the discussion of April 1977 escape unchided, including the press.

On April 15th 1977, to begin at the beginning, President Carter told a press conference that he was "quite alarmed" by "a long and detailed study of international oil supplies" recently prepared by the CIA. Three days later, this report (The International Energy Situation: Outlook to 1985) was released. A second CIA report (Prospects for Soviet Oil Production) followed some days later.

The President's citation of these reports to bolster the case for his energy bill led us — and others — to ask a number of rather insulting questions which now appear unwarranted.

We said, for instance, that "it came as a shock . . . that the CIA had moved into the tricky art of estimating international oil and gas reserves Almost alone, it appears, the CIA declares that the Soviet oil industry is 'in trouble,' that its oil production 'will soon peak, possibly as early as next year,' that by the mid-1980s the Soviet Union will become a net importer of oil." Other skeptical comments were in the same vein; most, including our own, were off-base.

Here, after a year's study of the CIA role in oil production (not, in this instance, oil reserve) forecasting, is the Intelligence Committee's verdict:

First, there is "no evidence" that the CIA tailored its study to suit administration political convenience. Nor (as Adm. Stansfield Turner pointed out in a letter to this newspaper last May 8) was the oil study a new departure for the CIA.

Secondly, whatever political inspiration figured in the publicity given to the CIA studies

was of White House manufacture. But the Senate Intelligence Committee does not quarrel with the "political" use of intelligence, "as long as this can be done without compromising any sensitive sources or methods . . . and the information is made available to the public so that others may gauge the soundness of the argument." Which is fair enough. "All of the information needed to evaluate the strength of (CIA) conclusions about Soviet oil production was made available to the public by July, 1977," the committee adds.

And what of the *quality* of the intelligence? Was it on the mark? Were its sources sufficiently solid? The committee's answer is a decisive yes, qualified only in one major way. In its view, the CIA experts were right to project a substantial drop in Soviet oil production (relative to need and demand), but not necessarily right in concluding that the Soviet Union (and its Eastern bloc dependents) would become large net importers of foreign oil by the mid-1980s. This prediction, it develops, assumed the improbable: that the Soviet Union would not go to extraordinary lengths to stabilize demand and thus to avoid a drain on scarce reserves of hard currency. The exchange consideration, apparently, could be paramount. The CIA's was, in other words, "a worst case" analysis and erred only in failing to make its assumptions as clear as they might have been. "If the study is to be faulted, it ought to be faulted for its lack of clarity on that methodological point."

The fine spadework of the Senate Intelligence Committee staff, in addition to showing how easy it is for the press and public officials to discover support for our preconceptions in a detached professional study, serves also to clear

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the way for a sober consideration of the strategic implications of the Soviet oil dilemma.

The expert belief is that the Soviet Union *does* have an oil problem. The alternatives, presumably, are to stabilize demand and/or undertake conservation measures; to use American technology (now being supplied) to improve oil yield in water-saturated oil fields; or to try to fix a grip on foreign sources that might be brought within its own currency area.

The latter option might, if one were given to gloomy imaginings, explain much about recent Soviet maneuvers in the oil-rich areas of the Middle East. Certainly the latest findings decisively undermine the comfortable old assumption that the Soviet Union has oil to swim in and will never become a competitor in the international rat-race for dependable oil sources.